

**Meeting of the Suffolk Tobacco Asset Securitization Corporation
(STASC)
November 13, 2014**

Minutes

Attendees: Jon Schneider, Chairman and President, STASC; Robert Fonti, Independent Director, STASC; Connie Corso, ex-officio STASC Member and County Budget Director; Dennis Brown, County Attorney; Colleen Capece, County Special Projects Coordinator; Janet Ford, Assistant County Attorney. Robert Smith, Hawkins Delafield & Wood and Richard Tortora, Capital Market Advisors, participated by phone.

Minutes Approved: The minutes from the February 25, 2014 meeting were approved. R. Fonti made the motion, J. Schneider seconded. Minutes unanimously approved.

Discussion regarding SEC MCDC Initiative: The discussion was led by R. Smith. He discussed the Municipalities Continuing Disclosure Cooperation Initiative ("MCDC") of the Securities and Exchange Commission ("SEC"). Every issue has a continuing disclosure requirement for five years post issuance for disclosures included in the official statement. Also, there is a five year look back period required at the time of issuance to ensure that the official statement does not include a misleading statement. The SEC is concerned with misstatements in Official Statements on the part of issuers. Issuers are also required to update financial information and to provide annual financial statements.

The MCDC initiative provides for self-reporting of deficiencies by underwriters and issuers. Self-reporting deadline filing was September 9, 2014 for underwriters and December 1, 2014 for issuers. Issuers may self-report problems by December 1, 2014. There are no monetary fines but sanctions or an investigation could result from self-reporting. A list of deficiencies was put together by Capital Market Advisors, STASC financial advisor. The deficiencies were explained by R. Tortora.

R. Fonti inquired as to the nature of the sanctions that the SEC could impose. R. Smith explained that the sanction would be a cease and desist order as well as the acceptance by STASC of certain SEC terms. Those terms would most likely consist of implementing training and certain procedures to ensure timely filings.

D. Brown inquired of R. Tortora whether all material event notices have been properly filed at this point. R. Tortora responded that he believed so. R. Tortora further stated that it is possible for credit rating agencies to change their rating without formal notice to the issuer.

R. Fonti inquired as to whether the STASC insurance carrier should be notified of the filing. R. Smith responded that was not necessary. The deficiency was due to a lack of filing and would not develop into a claim.

R. Smith noted that a formal board action is required to enter into a settlement with the SEC.

R. Tortora to prepare MCDC questionnaire and send to STASC for execution. CMA to file.

Motion to approve self-reporting under the SEC MCDC Initiative: The motion, contingent upon J. Schneider formal execution of the self-reporting document by November 14, 2014 was made by R. Fonti, J. Schneider seconded. The motion was unanimously approved.

Discussion regarding retention of legal counsel: Prior to the discussion, R. Smith left the meeting. A discussion was had as to whether STASC should consider retaining outside legal counsel for continuing disclosure and other SEC related matters. It was determined that a formal Request for Proposals process was not required since the cost of the services sought is below the RFP threshold of \$24,999 and the President has the ability to retain professional services below that threshold. It was determined that STASC

would solicit quotes for such legal services. The contract term was agreed to be one year with two additional options to extend the contract for one year each.

Motion to approve solicitation of quotes for legal services for continuing disclosure and other SEC related matters: The motion was made by J. Schneider, R. Fonti, seconded. The motion was unanimously approved.

Tender of resignation of board member R. Fonti: R. Fonti stated that he was tendering his resignation.

Adjourn: Motion to adjourn was made by J. Schneider, R. Fonti, seconded. The motion was unanimously approved.